

# TANZANIA INVESTMENT CENTRE

## DIRECTORATE OF INVESTMENT FACILITATION



### EASTERN ZONE

**REPORT ON VISIT TO ZHENHUA LOGISTICS (TANZANIA) COMPANY LIMITED  
PARKING YARD LOCATED ON PLOT NO. 93/94 VINGUNGUTI INDUSTRIAL AREA,  
ILALA MUNICIPALITY, DAR ES SALAAM REGION CONDUCTED ON 14<sup>TH</sup> JUNE 2022**



## 1.0 PROJECT'S PROFILE

S/N	ITEM	DESCRIPTION		
1.	Company Name	Zhenhua Logistics (Tanzania) Company Limited		
2.	Project Location	Plot No. 93/94 Vingunguti Industrial area, Ilala Municipality, Dar es Salaam Region		
3.	Projects' Core Activities	To establish and operate a project for cargo transportation		
4.	Address & Mobile Number	P. O. Box 76535, <b>Dar es Salaam.</b>		
5.	Contact Person	Rahim Ismail Sadik – Finance Manager 0689692832		
6.	Shareholders	Name	Nationality	% Share
		Zhenhua Logistics (EA) Company Limited	China	99
		Summit International Logistics Limited	British	1

## **2.0 INTRODUCTION**

Zhenhua Logistics (Tanzania) Company Limited is a TIC registered project with Certificate of Incentives No. 022258, issued on 14<sup>th</sup> February 2019 with objectives of establish and operate a project for cargo transportation. The implementation period of the certificate was three years starting from 14<sup>th</sup> February 2019 for which its operative date ended on February 2022. The Investor has currently applied for extension of the Certificate to finalize implementation of the project.

### **2.1. Project Location**

The company has its offices located on 11<sup>th</sup> floor of Ushirika tower which is in Mnazimmoja area, Dar es Salaam. However, the yard Area for trucks parking and service is located at Plot No. 93/94 Vingunguti Industrial Area, Ilala Municipality, Dar es Salaam Region. The yard is found in an area with range of godowns and industries.



## **2.2 Objective of the visit**

The objective of the visit was to carry out project verification in order to ascertain: -

- (i). Project's implementation status.
- (ii). Challenges facing the project so as to justify the reasons for delays for Project Implementation period.

## **3.0 PROJECT VERIFICATION VISIT (PVV)**

The PVV team includes: -

- (i) Julie Muro - IPFO – EZ
- (ii) Mwanamkuu Matimbwi - TRA (TIC)
- (iii) Navone Kisaka - NEMC (TIC)

The team was accompanied by the Company's representatives namely: -

- (i) Sunday Makungu - Transport Manager
- (ii) Bakari Adam - Human Resources Manager
- (iii) Immanuel Kayungi - Yard Supervisor

## **3.1 PVV Methodology**

The PVV team uses the following methodology to gather information

- i. To interview and collect information from the company representatives
- ii. To take copies of relevant document /photos as evidence for Certificate of Incentive extension application.
- iii. To conduct tour visit in the site to verify project activities

## **4.0 OBSERVATIONS**

The PVV team visited the project on 14<sup>th</sup> June, 2022 and had consultative discussion with Company's representatives mentioned in item (2.0) above. Through observation and discussion, the following are the key issues which were observed: -

- (i) The project operates in many countries in Africa having its headquarter in Rwanda and China.
- (ii) Their major task is to transport cargo consignments in containers or loose cargo. Currently, consignments from Tanzania are mostly transported to Rwanda, Uganda, Democratic Republic of Congo and Malawi.
- (iii) In Tanzania the project has rented a yard at Plot No. 93/94 Vingunguti Industrial Area.
- (iv) Within the yard the team observed some trucks parked while others were at the service bay/maintenance workshop which is within the yard.
- (v) The initial project plan was to buy 50 trucks though to-date only 22 trucks have been bought;
- (vi) Initially, the project had no many customers due to Covid 19 effects however currently, number of customers has increased and the company trucks are few to service all customers. Due to this, the company is sub-contacting trucks service to meet customers' demand; and
- (vii) In the list approved by TRA, the project has utilized only few items while some have not been utilized.

## **5.0. FINDINGS**

- Effects of Covid 19 because major clients to the project are Chinese. Due to the pandemic, travel restrictions reduced movement of consignments as a result, demand for trucks became few as well; and
- Shortage of capital due to business trend and challenges.
- 79 Tanzanians have been employed in the project expecting more employment opportunities when number of fleets increase.
- The company did not utilize all the items approved in the initial list of exemption approved by TRA.

## **5.1 Overall Achievement**

Currently the project is operating with administrative office established, 22 trucks in place and parking yard rented. The company is proud of compliance to country regulations and embracing local content in project operations. The investor has already injected **1,540,000 USD**.

## **5.2 Employment**

The project employs 1 Chinese and 79 Tanzanians

## **5.3 Capacity**

Approximately the project transports 60 trucks of loose cargo and 52 trucks of cargo container per week.

## **6.0 CHALLENGES**

The Project Manager stated that the company failed to accomplish the plan within the implementation period due to the following challenges: -

- Effects of Covid 19 because major clients to the project are Chinese. Due to the pandemic, travel restrictions reduced movement of consignments as a result, demand for trucks became few as well; and
- Shortage of capital due to business trend and challenges.
- Hiking in Fuel Cost: Management opted to increase fuel capacity in each truck to avoid
- Fueling in other areas where fuel prices are higher and increase cost to the operations.
- Unforeseen Delays in Transportation – the reasons for the delay seems completely mysterious, despite ideal traffic, weather and trade conditions which lead to the cargo just doesn't make it to the right place at the right time which lead to huge frustrations.
- Death of Skilled Drivers.

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## 7.0 FUTURE PLAN

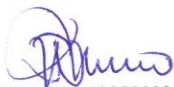
Planned activities include: -

- (i) Project is planning to increase its fleet to 50 trucks (tractors and trailers) in the next three years

## 8.0 RECOMMENDATIONS

Upon visiting the Project, the team recommends that the Project to be granted a one-year extension instead of 2 years as requested, This is due to the fact: -

- The Col issued to the Investor has never been extended;
- Covid 19 pandemic effects were vivid and impacted many businesses worldwide;
- The company is serious with investments having a fleet of 22 trucks in place;
- The project has employed 79 Tanzanians expecting more employment opportunities when number of fleets increase.
- The company did not utilize all the items approved in the initial list of exemption approved by TRA.



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**JULIE MURO - IPFO – EZ**



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**MWANAMKUU MATIMBWI - TIC (TRA)**



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**NAVONE P. KISAKA - TIC (NEMC)**